

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORKDC SDNY
DOCUMENT

ELECTRONICALLY FILED

DOC #:

DATE FILED: 6/16/08

MR. SANDLESS FRANCHISE, LLC and :
DANIEL J. PRASALOWICZ :
Plaintiffs, :
v. :
ALLAN MCCLAIN (d/b/a MR. DUST FREE) :
Defendant. :
;

CIVIL ACTION

NO. 07 CV 11501(LLS)

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is entered into this 11th day of June, 2008 between: (i) Mr. Sandless Franchise, LLC and Daniel J. Prasalowicz (collectively "Mr. Sandless"); and (ii) Allan McClain who trades as "Mr. Dust Free" ("McClain").

BACKGROUND

A. On December 21, 2007, Mr. Sandless commenced an action (the "Litigation") against McClain in the United States District Court, Southern District of New York, under the caption Mr. Sandless Franchise, LLC and Daniel J. Prasalowicz v. Mr. Dust Free and Allan McClain, Civil Action No. 1:07-cv-11501-LLS.

B. In the Litigation, Mr. Sandless alleges in its Second Amended Complaint that McClain is a competitor of Mr. Sandless, and that McClain was using Mr. Sandless' trademark in his Internet website domain names www.mrsandless.net and www.mistersandless.com.

When an individual landed on McClain's web pages, they were automatically redirected to McClain's website www.mrdustfree.com. Mr. Sandless sought a preliminary and permanent injunction enjoining McClain from using Mr. Sandless' trademarks or any colorable imitation in any manner whatsoever; an accounting of and judgment for the profits to which Mr. Sandless may be entitled; treble damages pursuant to 15 U.S.C. § 1117; an order requiring McClain to transfer the domain names www.mrsandless.net and www.mistersandless.com to Mr. Sandless; attorney's fees; and the costs of the Litigation.

C. After Mr. Sandless filed the Second Amended Complaint, Mr. Sandless became aware that McClain was also using Mr. Sandless' trademark in his Internet website domain name www.mrsandless.info, which automatically redirected individuals who landed on the web page at www.mrsandless.info to McClain's website at www.mrdustfree.com.

D. Mr. McClain alleges he never acquired a client or earned any income from any of the Domain Names (defined below).

E. Mr. Sandless and McClain now desire to resolve the Litigation and all other disputes between them, including all claims, defenses and counterclaims which were or could have been asserted in the Litigation, and to otherwise resolve, release and discharge all other claims, demands, liabilities and/or causes of action existing between or among Mr. Sandless and McClain, and further desire to terminate all litigation between the parties.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. The foregoing paragraphs in the Background section are incorporated herein by reference.

2. Mr. Sandless acknowledges that McClain has turned over and transferred all of his rights and possessory interests in the Internet website domain names www.mrsandless.net, www.mistersandless.com and www.mrsandless.info (the "Domain Names") to Mr. Sandless at no cost to Mr. Sandless. McClain further agrees to cooperate and take such other and additional steps not explicitly mentioned herein that are necessary in order to effectuate the transfer of the Domain Names and registrations to Mr. Sandless.

3. Except for the Domain Names, McClain represents and warrants that McClain has not registered, used or benefited from any domain name that contains Mr. Sandless' trademarks or any similar or colorable imitation of Mr. Sandless' trademarks.

4. McClain will pay \$1,000 to Mr. Sandless to reimburse Mr. Sandless for the attorney's fees it incurred in this Litigation, payable upon execution of this Agreement.

5. McClain covenants and warrants that he will forever refrain from directly or indirectly using Mr. Sandless' trademarks or any similar or colorable imitation of Mr. Sandless' trademarks in any way, method, mode, means, or manner whatsoever, including but not limited to the acquisition or use of any domain name that contains Mr. Sandless' trademarks or any similar or colorable imitation of Mr. Sandless' trademarks. McClain covenants and warrants that McClain shall not directly or indirectly use any of Mr. Sandless' trademarks in connection with any Internet web-page, email address or other advertising or in the sale of any goods or services.

6. Upon McClain's execution of this Agreement and upon receipt of proof of McClain's compliance with his obligations under Paragraph 4 of this Agreement, Mr. Sandless shall prepare, execute, serve, and file, pursuant to Rule 41 of the Federal Rules of Civil

Procedure, a notice of dismissal without prejudice, with each party to bear its own costs of this action. The United States District Court for the Southern District of New York will retain jurisdiction of this matter for the purposes of enforcement of this stipulation.

7. Contingent upon the continued truth and accuracy of McClain's representations and warranties contained in this Agreement and upon McClain's execution of this Agreement and upon receipt of proof of McClain's compliance with his obligations under Paragraph 4 of this Agreement, Mr. Sandless, for itself and its successors and assigns, shall be deemed to release solely those causes of action, damages, liabilities, expenses, fees and costs specifically claimed in the Litigation.

8. Upon the execution hereof, McClain, for himself and his agents, personal representatives and assigns, shall be deemed to release all causes of action, damages, liabilities, expenses, fees, costs, and claims which he ever had and now has (whether known or unknown) against Mr. Sandless, its agents, principals, attorneys, officers, directors, shareholders, partners, members, employees, insurers, successors (by merger or otherwise), representatives and assigns.

9. The parties shall maintain the confidentiality of the provisions of this Agreement and the Litigation and shall not disclose any information regarding these matters to any person, except that the parties may discuss the terms and implementation of this Agreement with his/its respective attorneys, accountants or tax preparer, taxing authorities, and/or employees or directors for a legitimate business purpose, as may be required by law or judicial process, or in any action to enforce this Agreement. Unless ordered by a court, or compelled by subpoena or applicable law, the parties shall not participate, as witnesses or otherwise, in any proceedings against or related to another party to this Agreement or his or its successors, agents,

representatives or assigns, and shall not assist any other person in bringing claims against Mr. Sandless or its successors, agents, representatives or assigns.

10. The parties shall not make disparaging remarks about each other. Except as provided in Paragraph 9, if asked about the Litigation, the parties and their counsel shall state, in essence, only: "The parties to the litigation mutually agreed to settle the litigation," and nothing more.

11. In the event that it becomes necessary for Mr. Sandless to retain the services of legal counsel to enforce McClain's continuing obligations under this Agreement, and McClain shall admit or be held to have defaulted in performing same, then Mr. Sandless shall be entitled to recover its reasonable costs and expenses, including reasonable attorney's fees, incurred in enforcing this Agreement.

12. McClain hereby recognizes and acknowledges Mr. Sandless' ownership rights in the trademark "Mr. Sandless" (the "Trademark") which is registered on the Principal Register of the United States Patent and Trademark Office at Registration No. 2970433 and all of the goodwill associated therewith. Further, McClain acknowledges and agrees that the Trademark is famous, valid, enforceable, subsisting and owned by Mr. Sandless. [REDACTED] McClain agrees not to hereafter challenge or contest, directly or indirectly, the validity, ownership or registration of the Trademark, including in any proceeding of any type in any country.

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13. The laws of the State of New York shall govern any disputes arising out of the enforcement of this Agreement.

14. This Agreement shall constitute the entire integrated agreement of the parties and shall not be subject to any modification without the express written consent of all parties to this

Agreement. McClain and all businesses, now or in the future, owned (5% or more) or controlled by McClain shall be bound by the terms of this Agreement as if they were a signatory hereto.

15. This Agreement can be executed in counterparts and delivered by facsimile or email, each of which shall be binding as of the date first written above, and both of which shall constitute one and the same instrument. Each such copy shall be deemed an original.

FISHER ZUCKER LLC

Date: June 11, 2008

By: *Paul J. Cianci*

Paul J. Cianci (*pro hac vice*)
21 South 21st Street
Philadelphia, PA 19103
(215) 825-3100

Michael Einbinder (ME-3930)
EINBINDER & DUNN, LLP
104 W. 40th Street
New York, New York 10018
(212) 391-9500
Attorneys for Plaintiffs

A. J. C.
Allan McClain, d/b/a Mr. Dust Free

Date: 6/4/08

Accepted and agreed only as to Paragraph 9
JACOBOWITZ & GIBITS, LLP

Date: 6/6/2008

By: *Gary M. Schuster*

Gary M. Schuster
Attorneys for Defendant
158 Orange Avenue
Post Office Box 367
Walden, New York 12586
(845) 778-2121

SO ORDERED:

Date: June 13, 2008

Louis L. Stanton
United States District Judge